

SPECIAL TOWN BOARD MEETING

2020 TENTATIVE BUDGET WORKSHOP

The Special Meeting of the Town Board of the Town of Cortlandville was held at the Raymond G. Thorpe Municipal Building, 3577 Terrace Road, Cortland, New York, with Supervisor Tupper presiding.

Members present:

Supervisor, Richard C. Tupper
Councilman, Theodore V. Testa
Councilman, John C. Proud
Councilman, C. Randolph Ross
Councilman, Douglas E. Withey
Town Clerk, Kristin E. Rocco-Petrella

Others present were: Town Bookkeeper, Marcia Hicks; and Assistant Town Bookkeeper, Megan Johnson.

Supervisor Tupper called the Special Meeting to order for the purpose of discussing the 2020 Tentative Budget. The special meeting notice was posted to the Town's website, the Town's sign board, and published in the *Cortland Standard*.

Supervisor Tupper apprised the Board that the 2020 Tentative Budget tax levy was \$450,000 more than the 2019 tax levy. The Tentative Budget included almost everything department heads requested from their worksheets. It would be up to the Board to decide what items should be cut. He explained how the budget was constructed and that he made budget comparisons to previous years, namely 2017, 2018 and 2019.

Supervisor Tupper explained that the biggest items in the budget included an approximate \$2.5 million payroll and \$1.1 million in health insurance and retirement benefits, which equated to \$3.6 million right off the top of the budget. Unless there were cuts the numbers were fixed. The 2020 Tentative Budget did not include a lot of equipment. The Water and Sewer Department requested a new truck, the cost of which was split between the water and sewer budgets. The rest of the Water & Sewer Department equipment was in good condition. The Highway Department included \$280,000 in new equipment. New computers were recently approved and purchased for the town offices.

Supervisor Tupper explained the equipment requested by Highway Sup't. Bassett, which included a 10-wheeler dump truck, front end loader, John Deere tractors and a trailer. There was a brief discussion regarding the Highway Department's Massey Ferguson tractor, which was a "lemon" from the time it was purchased as it was broken more often than it was working. While the tractor was broken and being repaired, the Town had to lease equipment which was costly. Councilman Proud mentioned the agreement the Town has with John Deere, in which if the equipment is down, John Deere provides the Town with equipment to use during the repair.

Supervisor Tupper apprised the Board that the Tentative Budget included funding for the construction of a new storage building at the Gutches Lumber Sports Complex in the approximate amount of \$350,000. The inclusion of the building in the budget did not affect the overall budget and taxes as he included a bond for the proposed project. Therefore, if the project did not come to fruition there was no affect of the budget. Supervisor Tupper explained that the purpose of the storage building would be to house the Town's equipment that is used to maintain the Park. There was a concern regarding potential vandalism and the winter storage of equipment, which at this time would have to be moved off site to the Town Water/Sewer Garage as the Highway Department's facilities were full.

With regard to the Gutches Lumber Sports Complex, Supervisor Tupper explained that the budget line for the Park was moved from General Fund B (part town) to General Fund A (town wide) for 2020. Funding for all other parks, including the Testa Park, remained in General Fund B. Supervisor Tupper explained that Bookkeeper Hicks contacted the Town's auditor and the New York State Comptroller's Office with regard to moving the budget line to General Fund A, and Attorney DelVecchio contacted the Association of Towns and was waiting for a definitive answer. Bookkeeper Hicks explained that the budget has always funded parks in General Fund B.

Councilman Proud commented that recreation is a growing industry and was confident that the Gutches Lumber Sports Complex would benefit the Town and the County as a whole, especially after the full build-out of the Park. He inquired about the possibility of borrowing funds from the Town Water Fund, however the payback would have to be within one-year which was not possible.

The 2020 Tentative Budget included a principal and interest payment in the anticipated amount of \$220,000 for the Gutchess Lumber Sports Complex Bond Anticipation Note (BAN), which should be converted to a bond and would be payable in January 2020. Supervisor Tupper was in communication with the Town's fiscal advisors with regard to the process, and explained that he could not obtain bank interest rates until 30 days prior to the term of the BAN.

Councilman Proud discussed the three potential water and sewer projects that were included in the 2020 Tentative Budget. He was pleased that the funding for the projects could be paid for without going to bond. The three projects included: 1. Sewer Improvement Project of Hillside Drive to repair the sag in the sewer line; 2. Loop Water Line – Blue Creek Road to Fisher Avenue to maintain proper chlorine levels in the water; 3. Contact Time at the Lime Hollow Well – similar project to what was done at the Terrace Road Well.

Supervisor Tupper explained that the water and sewer revenues were very good. The 2020 Tentative Budget included \$136,000 for water/sewer replacement projects. The engineering fees would be paid for in cash, however the projects were expected to cost \$800,000-\$900,000. Water & Sewer Sup't. Alteri planned for the construction to be completed in 2021. Councilman Withey stated that he would speak with Water & Sewer Sup't. Alteri regarding the projects and possible solutions regarding the chlorine levels at Fisher Avenue.

Due to the water and sewer funds being in good standing, Supervisor Tupper was concerned that the Town's auditor or State Comptroller would be concerned with the amount of money in the unexpended fund balance. Councilman Proud added that the Board set a goal a few years ago to have 15% in reserves or unexpended fund balance. Supervisor Tupper pointed out that no money would be coming from the unexpended fund balance for water or sewer.

With regard to the unexpended fund balance, Supervisor Tupper explained that the 2020 Tentative Budget included \$1,675,062, while the 2019 Adopted Budget included \$1,600,000. The Town has been rolling over approximately the same amount of money from year to year. He stated that the budget could be balanced, however it would cause a large increase in the tax rate for 2021. He stated that most towns do not spend their entire budget each year. Supervisor Tupper explained that the 2% tax cap was increasingly harder to adhere to without large budget cuts, and indicated that in order to stay within the tax cap the Town could increase taxes approximately \$30,000 from the 2019 tax levy.

Supervisor Tupper explained that a 2.8% cost of living salary increase was included in the budget for pay raises in 2020. The Town's health insurance remained the same as what was budgeted for in 2019, however the Town's health insurance representative suggested a 5% raise in health insurance. Supervisor Tupper explained that the Town would be absorbing 16% of the health insurance cost because there are "health insurance reserves". He explained that in 2019 the employees share increased 5% while the Town's share increased 8%. With no anticipated change in health insurance costs, 2020 would be the first year that employees would see an increase in their paychecks. Councilman Ross suggested that if the Board needed to increase the employees' health insurance contribution that they do so in increments.

Supervisor Tupper explained the Town's unusual bronze health insurance plan. Employees have a health savings account (HSA). After the HSA funds are spent, the Town picks up 100% of the costs until Blue Cross Blue Shield (BCBS) picks up at 100%. There was discussion regarding costs and what would happen if every single employee expended their HSA accounts.

Councilman Ross questioned how the Board could get the 2020 Tentative Budget to an approvable budget by adjusting the revenue or expenditures. Supervisor Tupper noted that a large part of the increase in the budget was due to the budgeted highway equipment. The Town pays cash for equipment rather than bonding which other municipalities do. Bonding for equipment does not make fiscal sense for the Towns as the useful life of equipment could be less than the term of the bond. Councilman Proud stated that he would have trouble supporting the issuance of a bond for highway equipment.

Councilman Proud pointed out that per his calculations, there was a 25% tax increase from the 2019 Budget to the 2020 Tentative Budget, although the *Cortland Standard* projected a 15% increase. However, he did not want to reduce the highway budget. It was explained that the Highway Department has a schedule for rotating equipment and that large trucks are needed for plowing. Councilman Ross stated that he could not justify raising taxes when the Town had unexpended fund balance. It was explained that the Town includes transfers to reserve funds at year end.

There was discussion regarding the projected sales tax for 2020, which funds General Fund A (GFA) and the Highway Fund (DA – town wide). Supervisor Tupper indicated that he was conservative with the sales tax revenue and explained that he could increase the revenue for 2020. The 2019 Budget included \$2,220,000 in sales tax revenue, however he anticipated the 2019 revenue would total \$2,400,000. He noted that in 2018, the sales tax revenue received was \$300,000 more than what was budgeted. Supervisor Tupper reviewed the new 10-year sales tax agreement between the County and the City. He stressed that the towns and villages were not

parties in the sales tax agreement, which is why the Town has fought so hard in the past for its portion of the County sales tax. The sales tax agreement called for a fixed percentage rate for the first 5 years, with the County taking another 1% of sales tax after 5 years.

Supervisor Tupper discussed the Bridge account, which only increased by the earned interest. He explained that several years ago the Town stopped funding the bridge account budget line. In years past, former Highway Sup't. Carl Bush expected that the Town would have to go to bond to replace a bridge as the Town could not build a bridge for the amount budgeted in the past.

There was discussion regarding overriding the tax levy limit. Supervisor Tupper explained that in order to adopt a budget over the 2% tax levy limit, the Board would have to conduct a public hearing first for a proposed local law. He explained that it was standard protocol and that the Board followed the same procedure in years past.

There was discussion regarding the proposed Traffic Diversion Court that was in front of the County Legislature for approval and the impacts it could have on the Town Court and revenue and expenditures. The Town's expenses could potentially be the same, while the revenue could decrease significantly.

Councilman Ross stated that he would like two options presented to the Board for consideration: 1. A 2% tax increase; 2. Under 5% tax increase. He asked for accurate estimates of revenue instead of comfortable estimates, with mention of the estimated sales tax for 2020. Councilman Proud suggested the Board make the Tentative Budget the Preliminary Budget and then make changes. He stated that in the future, if the Town does not have \$1.6 million in unexpended fund balance to roll over to the next budget year then there would be a \$5 million levy instead of a \$2 million levy, increasing the tax rate to an approximate \$9.00/1,000 of assessed value instead of the \$3.40/1,000 assessed value.

There was an explanation of "reserve funds" and "fund balance". Reserve funds are specifically earmarked while fund balance is not earmarked. Supervisor Tupper mentioned that at this time, the Town can handle an emergency in any fund. Discussion continued regarding tax rates.

Councilman Withey commented on the proposed pay raise for Town Board Members and suggested the salary remain the same as the 2019 Budget. He also commented on the salary for Highway Sup't. Bassett and questioned whether there should be a separate line item for his work with recreation. Councilman Ross suggested that if his work for recreation was separate it would cause the Highway Sup't. salary to be low.

With regard to the 2020 tax levy, Councilman Ross stated that it would be nice to be lower than a 15% increase, and preferred the tax rate stay below \$4.00.

Supervisor Tupper explained that revenue would have to be found, or expenses cut. He again explained that one of the large increases was due to the upcoming interest and principal payments due in 2020 for the Gutches Lumber Sports Complex. He discussed the projected park revenue and the scheduled tournaments and reservations for the fields already on the calendar for 2020. He indicated that he was also speaking with national groups that may be interested in partnering with the Town. As indicated in the feasibility study, the full build-out of the park would take time. Also, the Town would need help from the State with funding. Councilman Proud stated that the financial potential for the community would never be seen until all of the fields were built, which included a total of 4 baseball fields and 8 multi-use fields.

The Board directed Supervisor Tupper to look at the revenues as well as the anticipated unexpended fund balance to see what adjustments could be made from the Tentative Budget. The Board scheduled a second budget workshop for Thursday, October 24, 2019 at 10:00 a.m. The Board planned to approve the Tentative Budget with modifications as the Preliminary Budget at that time.

No further comments or discussion were heard.

Councilman Proud made a motion, seconded by Councilman Testa, to adjourn the Special Town Board Meeting. All voting aye, the motion was carried.

The Special Meeting was adjourned at 12:05 p.m.

Respectfully submitted,

Kristin E. Rocco-Petrella

Kristin E. Rocco-Petrella, RMC
Town Clerk
Town of Cortlandville

*Note:

The draft version of this meeting was submitted to the Town Board for their review on November 21, 2019.

The final version of this meeting was approved as written at the Town Board meeting of December 4, 2019.